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Congress of the United States House of Representatives

March 15, 2007

Statement of Congressman Lee Terry (NE-02) Introduction of the Married Student Debt Relief Act of 2007

Madame Speaker, I rise today to introduce the Married Student Debt Relief Act of 2007 to end the marriage penalty contained in the portion of the tax code allowing for the deduction of student loan interest.

Current tax law discriminates against married couples trying to pay down their educational debt while starting careers and families. Individual taxpayers are allowed to deduct up to \$2,500 in student loan interest from their taxes each year. However, once a taxpayer marries, they are only allowed to deduct the same amount – \$2,500 – as a married couple, regardless of whether both spouses are paying back individual student loans.

Because the existing tax law limits married couples to the \$2,500 deduction even when both spouses carry student debt and could have each taken a \$2,500 deduction while single, I am introducing the Married Student Debt Relief Act of 2007 to correct this inequity. This legislation would double the student loan interest tax deduction to \$5,000 for married couples who file a joint tax return when both spouses hold student debt, ensuring tax law treats students fairly, whether they are single or married.

The average U.S. student graduates with \$19,000 in educational debt. The government should not make it more difficult for young married couples to pay off their debts as quickly as possible to increase their quality of life and begin making their dreams come true. I am joined by more than 25 bipartisan Members of Congress in introducing this legislation today. It is important to help married couples pay down their student loans as quickly as possible to support their families and futures.

This problem in the tax code was first brought to my attention by my constituent, Michael Currans of Omaha. He wrote to me about the inequity, and I drafted legislation shortly thereafter to correct it. After learning of the effort, he wrote:

“First off, I’m very pleased that my simple email to Congressman Terry has resulted in such an enthusiastic response. This is the first time I’ve ever written to my representatives in Congress, and it has definitely helped me see the value of getting involved. I really wish that I had written about this years ago.

Ever since we were married in 2000 and began filing our joint tax return, my wife and I have struggled to understand the rationale for not allowing married couples to each take advantage of the student loan interest deduction to the same extent as two unmarried individuals. Between us, we had over \$70,000 of student loan debt, and while we diligently make all our payments on time, it is frustrating that the principal balances are reduced so slowly. We often discuss how

we'd like to make additional payments to try to pay the loans down faster, but now that we've got kids in the picture, daycare expenses, and a house to maintain, extra cash to put toward the student loans seems hard to come by. We find some solace in knowing that we can at least deduct a portion of the interest we pay.

We are not complaining. The federal student loan programs have been good to us. We've both earned valuable undergraduate degrees, my wife at the University of Northern Iowa, and myself at Loras College in Dubuque, Iowa. Further, student loans allowed us both to attend the excellent law school at the University of Iowa where we met. Without student loans, we would not be where we are today, so even without the benefit of the full student loan interest deduction, our student loans are a positive investment.

Some might ask why a two-income family with both spouses being attorneys should have any grounds to seek additional relief from income taxes. However, my wife is a public defender representing juvenile delinquents in Douglas County, Nebraska. She is most definitely using her law degree for the public good, earning much less than she might if she chose to pursue private practice. I'm sure for many married lawyer couples, the student loan interest deduction is a non-issue due to the phase-out at higher incomes, but for us, it is still an important deduction. I'm certain the deduction is important to the great many married couples of lesser means paying on student loans for both spouses, especially in cases where one spouse chooses to stay at home with children.

We've joked on occasion about how we'd have been better off from a tax perspective if we'd just remained unmarried, lived together, and filed separate tax returns until our student loans were paid off. I doubt most couples would actually choose to live that way just for the additional student loan interest deduction. Nonetheless, why should a married couple be treated differently than two individual taxpayers? There is no good reason for this inequity, so I really hope this legislation goes through.

If I can be of help, please let me know. Thanks to Congressman Terry and his staff for taking up this issue. – Mike Currans.”

I am grateful to Mike for bringing this inequity to my attention so we can work in this Congress to correct it. I urge more of my constituents to bring their concerns to my attention, and I encourage every American to communicate their views to their Congressional Representative. Your voice does make a difference.

Thank you, Madame Speaker. I hope all of my colleagues will join my efforts by cosponsoring this legislation and working to bring it to a vote in the House of Representatives.

